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Message Text

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INFO OCT-01 ISO-00 ERDA-05 CIAE-00 H-01 INR-07 IO-13
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E.O. 11652: N/A

TAGS: MILI, BGEN, GW

SUBJECT: DOD BANKING FACILITIES IN THE FRG

1. THE DEPARTMENT OF DEFENSE IS ASSUMING RESPONSIBILITY FOR THE OVERSEAS MILITARY BANKING FACILITY MBFPROGRAM FROM THE TREASURY DEPARTMENT. DOD IS TAKING OVER MANAGEMENT ON A PHASED BASIS DURING FY 1977; IT WILL FUND THIS PROGRAM WITH APPROPRIATED FUNDS AND UNDER CONTRACTS BEGINNING ON OCTOBER 1, 1977. REQUESTS FOR PROPOSALS FOR THE FY 1978 CONTRACT ARE UNDER DEVELOPMENT AND SCHEDULED FOR RELEASE TO PARTICIPATING BANKS BY END-APRIL. THERE ARE 118 MBFS, 114 RUN BY AMERICAN EXPRESS INTERNATIONAL
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BANKING CORPORATION (AIBC) AND 4 RUN BY CHASE MANHATTAN BANK, N.S., ON US INSTALLATIONS IN THE FRG.

2. DOD WOULD LIKE TO ENCOURAGE MAXIMUM FEASIBLE

COMPETITION AMONG THE FINANCIAL COMMUNITY FOR OPERATION OF THESE MBFS. HOWEVER, PRIVILEGES UNDER ARTICLE

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72 OF THE SUPPLEMENTARY SOFA OF 1959 ARE EXPRESSLY
ACCORDED ONLY TO AEIBC AND CHASE. WE THEREFORE REQUEST
AN EMBASSY ASSESSMENT OF THE POSSIBILITY OF OBTAINING

PURSUANT TO PARAGRAPH 4 OF ARTICLE 72, A US-FRG
AGREEMENT TO EXTEND THE EXEMPTIONS AND BENEFITS GRANTED
IN ARTICLE 72 TO OTHER U.S. FINANCIAL INSTITUTIONS.
(THE FRG HAS IN THE PAST AGREED TO THE ESTABLISHMENT
OF US CREDIT UNIONS.) IF IN YOUR JUDGMENT THIS
PROPOSAL IS FEASIBLE, IT WOULD BE HELPFUL TO KNOW HOW
LONG IT MIGHT TAKE TO BECOME EFFECTIVE. (WE WOULD
ENVISAGE THAT SUCH AN AGREEMENT WOULD BE BY AN EXCHANGE
OF NOTES WHICH IS NOT AN AMENDMENT TO ARTICLE 72.)

3. TWO RELATED MATTERS: WOULD THE RAISING OF THIS
QUESTION INVITE INTEREST ON PART OF LOCAL FRG BANKS
TO ENTER THE PROGRAM? OUR VIEW IS THAT PARTICIPATION
BY SUCH BANKS COULD BE EFFECTIVE ONLY IF THEY
COULD OBTAIN EXEMPTIONS FROM GENERAL FRG BANKING RULES
WHILE OPERATING ON U.S. INSTALLATIONS, INCLUDING
AUTHORITY TO MAINTAIN DOLLAR ACCOUNTS.

4. WHAT WOULD BE THE CHANCE OF REVISING ARTICLE 72
TO CLARIFY THE STATUS OF AMERICAN DEPENDENTS WORKING IN
MBFS SO THAT THEY ARE CLEARLY SUBJECT TO US LAW
LIKE TECHNICAL REPRESENTATIVES UNDER ARTICLE 73,
RATHER THAN FRG LAW?
VANCE

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Message Attributes

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Sent Date: 25-Apr-1977 12:00:00 am
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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